Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Message Text

CONFIDENTIAL

PAGE 01 MILAN 02607 020859Z

70
ACTION EUR-12

INFO OCT-01 ISO-00 DHA-02 CIAE-00 DODE-00 PM-04 H-02

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TO SECSTATE WASHDC 5098
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C O N F I D E N T I A L MILAN 2607

E.O. 11652: GDS
TAGS: PFOR, PGOV, PINT, IT
SUBJECT: ORRIERE EDITOR OTTONE ON POLITICAL SITUATION

SUMMARY. ITALY'S MAJOR DAILY, CORRIERE DELLA SERA, CARRIED A STRONGLY WORDED AND REASONED FRONT-PAGE EDITORIAL, OVEMBER 25, ATTACKING THE DECAROLIS-LED ANTI-COMMUNIST COALITION IN DC. IN PRIVATE CONVER-SATION WITH CONGEN DEC. 1, OTTONE EXPANDED ON HIS VIEWS.

1. CHRISTIAN DEMOCRATIC PARTY IN LOMBARDY IS SHIFTING TO THE RIGHT, HE SAID. SUCCESS BY DECAROLIS IN DC CITY CONGRESS WAS AN IMPORTANT DEVELOPMENT LIKELY TO BE FOLLOWED BY SIMILAR SUCCESS OF A CENTER RIGHT COA-LITION IN PROVINCIAL CONGRESS THIS WEEKEND. CENTRAL FACT, IN OTONE'S VIEW, IS THAT DECAROLIS HAS EMERGED AS CHARISMATIC LEADER WHO PULLS NO PUNCHES AND SPEAKS PLAINLY ENOUGH THAT PUBLIC KNOWS WHERE HE STANDS. AS A RESULT, HE IS DRAWING ABOUT HIM NOT ONLY TRADITIONAL CONSERVATIVE VOTERS OF DC, BUT A CONSERVATIVE SPECTRUM OUTSIDE DC PARTY AS WELL. THE FACT THAT RESPECTED FLORENCE DAILY LA NAZIONE, MILAN'S IL GIORNALE AND FOR A BRIEF TIME, AT ANY RATE, IL TEMPO IN ROME ENDORSED DECAROLIS HAVE ADDED TO HIS IMPORTANCE AS A MAJOR NATIONAL FIGURE. CONSEQUENTLY, HE IS A THREAT NOTHNLY
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PAGE 02 MILAN 02607 020859Z

TO ANDREOTTI GOVERNMENT AND ITS DEVELOPING RELATIOSHIP

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

WITH COMUNISTS, BUT ALSO TO TRADITIONAL PARTY LEADERS
LIKE FANFANI WHO HAGL TAKEN THEIR DISTANCE FROM HIM.
ACCORDING TO OTTONE, EMERGENCE OF DECAROLIS AND MOVE-
MENT THAT IS GRAVITATING ABOUT HIM, HS BEEN RIGHTLY
SEEN IN ROME POLITICAL CIRCLES AS A SERIOUS THREAT.
HAT ACCOUNTS FOR SPATE OF HOSTILE STATEMENTS FROM
ROMAN LEADERS (AND ONE MIGHT ADD, CORRIERE'S
EDITORIAL AS WELL).

2. DECAROLIS' POSITION IS THAT NO FURTHER CONCESSIONS
SHOLD BE MADE TO THE COMMUNISTS AND THAT THE ANDREOTTI
GOVERNMENT SHOULD, IN FACT, PULL BACK FROM ITS PRESENT
RELATIONSHIP WITH THEM. HE DOES NOT BELIEVE THAT THE
COMMUNIST LEADERSHIP WILL DELIVER ON THE PROMISES THAT
IT I MAKINT ABOUT AUSTERITY BUT THAT, NONETHELESS, THE
ANDREOTTI GOVERNMENT WILL HAVE HANDED THE COMMUNISTS
A VARIETY OF CONCESSIONS LEADING TO GOVERNMENT PARTI-
CIPATION. ACCORDING TO OTTONE, DECAROLIS IS SAYING
THAT THE CHRISTIAN DEMOCRATS MUST SPEAK CLEARLY; EITHER
ACCEPT THE COMPROMESSO STORICO (IN WHICH CASE DECAROLIS
AND HIS FRIENDS WILL SPLIT OF) OR CLOSE THE DOOR
UNEQUIVOCALLY TO FURTHER COOPERATION WITH THE COMMUNISTS.
THIS WOULD HAVE TO LEAD TO NEW NATIONAL ELECTIONS.
DECAROLIS BELIEVES THAT THE CHRISTIAN DEMOCRATS CAM-
PAIGNING ON SUCH A PLATFORM WOULD WIN AN ABSOLUTE MAJORITY
IN THE PARLIAMENT. IN FACT, OTTONE DID NOT APPEAR TO
DOUBT THAT ALTHOUGH HE DID NOT EXPLICITLY FIY SO. HOW-
EVER, OTTONE CALIMED THAT SUCH A VICTORY WOULD BE
MEANINGLESS. EVEN IF THE CHRISTIAN DEMOCRATS
ALONE, OR IN COMPANY OF ONE OR MORE OF THE MINOR PARTIES,
SHOULD BE ABLE TO ASSEMBLE A MAJORITY, THEY COULD HARDLY
RULE IN THE FACE OF THE OPPOSITION OF THE TRADE UNION
MOVEMENT. ITALY'S PROBLEMS, ACCORDING TO OTTONE, CAN-
NOT BE SOLVED TODAY WITHOUT THE CONSENSUS OF ORGANIZED
LABOR. HE COULD NOT IMAGINE THAT CONSENSUS BEING
ACCORDED IF THE LEFT WING PARTIES HAD BEEN DEFEATED
AT THE POLLS. CONSEQUENTLY, E DESCRIBED DECAROLIS AS
IRRELEVANT. IRRELEVANT BECAUSE EVEN IF HIS TACTIC OF
PROVOKING EARLY ELECTIONS SUCCEEDED, NOTHING WOULD BE
SOLVED. OTTONE CLAIMED THAT DECAROLIS FACED THIS
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PAGE 03 MILAN 02607 020859Z

PROSPECT WITH CANDOR AND EQUANIMITY. HE WAS PREPARED
FR STRIKES, STEET FIGHTING, UNEMPLOYMENT AND A SHOW
DOWN WITH THE COMMUNISTS. AS FAR AS OTTONE WAS CONCERNED
SUCH A SHOW-DOWN WOULD END ITALIAN DEMOCRACY SINCE THE
RIGHT WOULD PREVAIL.

3. TURNING TO THE TRADE UNION SITUATION, OTTONE SAID
THE CRUCIAL ISSUE RIGHT NOW AS THE NEGOTIATION IN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

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PROGRESS BETWEEN CARLI, SPEAKNG FOR CONFINDUSTRIA,
AND THE TRADE UNIONS. CARLI WAS ACTING LIKE A STATES-
MAN IN EVERY RESPECT. THE TRADE UNION LEADERSHIP WAS
FINALLY CONVINCED THAT DRASTIC STEPS HAD TO BE
TAKEN TO REDUCE LABOR COSTS OR IT WOULD RISK UNEMPLOY-
MENT, DEPRESSION AND CHAOS. OTTONE INSISTED THAT
LABOR WAS FRIGHTENED THAT A BREAKDOWN WULD BRING
ABOUT A RIGHTIST REGIME. HE HAD SPOKEN RECENTLY
WITH CGIL PRESIDENT LAMA WHO HAD TOLD HIM THAT EIGHTER
THE POLICY OF TRADE UNION MODERATION AND NEGOTIATION
WITH THE GOVERNMENT AND MANAGEMENT WOULD SUCCEED IN
AVOIDING ACCELERATED INFLATION AND SUBSEQUENT ECONOMIC
COLLAPSE, OR LAMA AND THE REST OF THE LEADERSHIP WOULD
HAVE TO STEP DOWN AND LET SOMEBODY ELSE TRY ANOTHER
STRATEGY.

4.HCONSEQUENTLY, OTTONE FELT THAT THE NATIONAL TRADE
UNION LEADERSHIP WAS COMMITTED TO A POLICY THAT MOVED
IN THE RIGHT DIRECTION. HOWEVER, IT WAS WORRIED THAT
IT COULD NOT CARRY ITS RANK AND FILE WITH IT. THAT
EXPLAINED THE SLOWNESS AND THE HESTIATION IN MOVING
FORWARD. IN THIS CONNECTION, OTTON VOLUNTEERED THAT
IT WAS VERY IMPORTANT THAT THE UNITED STATES AND OTHER
POSSIBLE LENDERS SHOULD GIVEN NO SIGN AT THE PRESENT
TIME THAT CREDITS WOULD BE FORTHCOMING TO ITALY TO
STAVE OFF BITING THIS VERY CRUCIAL BULLET. HE INSISTED
THAT IT WAS ESSENTIAL TO KEEP THE PRESSURE ON THE TRADE
UNION MOVEMENT EVERY DAY TO CONVINCE IT THAT THERE WAS
NO ALTERNAIVE TO A MAJOR CHANGE IN TRADE UNION PRACTICES.
ANY INTIMATION THAT THE UNITED STATES OR THE COMMUNITIES
MIGHT BAIL OUT ITALY WOULD REDUCE THE CHANCES OF
THAT HARD DECISION BEING TAKEN.

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5. OTTONE DISMISSED THE EFLATIONARY EFFECT OF THE
ANDREOTTI GOVERNMENT'S AUSTERITY PROGRAM ON THE GROUNDS
THAT A REDUCTION IN LABOR COSTS, NOW BEING NEGOTIATED,
WOULD COMPENSATE FOR REDUCED DOMESTIC DEMAND.FINA

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